

2SHB 2265 - H AMD 1141

By Representative Probst

ADOPTED 02/13/2012

1 Strike everything after the enacting clause and insert the
2 following:

3

4 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

5 (a) Economic strength is directly interconnected with education;

6 (b) Increasing graduation rates improves economic

7 competitiveness;

8 (c) Graduation is only the beginning for each student, and

9 should be followed by success in the workplace; and

10 (d) Most students seek a degree that results in a good job.

11 (2) The legislature makes it an economic priority for Washington

12 to:

13 (a) Increase graduation rates;

14 (b) Increase graduation rates in fields addressing critical

15 skill shortages; and

16 (c) Narrow the educational opportunity gap for disadvantaged

17 students and minority students.

18 (3) The legislature intends that:

19 (a) The state of Washington distinguish itself in the national

20 and global economy by becoming the fastest-growing provider of

21 highly-skilled workers for targeted industries;

22 (b) The percentage of households in the state of Washington

23 living in the middle income bracket or above, as defined in RCW

24 28B.145.060, increase over time; and

25 (c) To achieve these objectives, Washington works indicators be

26 established for four-year institutions of higher education.

27

1 (4) The legislature reaffirms the findings and intent expressed
2 in section 1 of the higher education opportunity act, chapter 10,
3 Laws of 2011 1st sp. sess., and intends to further advance the goal
4 of ensuring that Washington taxpayers earn a high-value return on
5 their investment by developing and implementing a plan for measuring
6 and rewarding the performance of the state's four-year institutions
7 of higher education.

8

9 NEW SECTION. **Sec. 2.** The definitions in this section apply
10 throughout this chapter unless the context clearly requires
11 otherwise.

12 (1) "Board" means the higher education coordinating board's
13 successor.

14 (2) "Council" means the council of presidents of the four-year
15 institutions of higher education.

16 (3) "Director" means the director of the office.

17 (4) "Education data center" means the education data center
18 established under RCW 43.41.400.

19 (5) "Four-year institutions of higher education" means the state
20 universities, the regional universities, and the state college, all
21 as defined in RCW 28B.10.016.

22 (6) "Graduation" means receipt of a baccalaureate or advanced
23 degree.

24 (7) "Graduation in fields addressing critical skill shortages"
25 means graduation in the fields specified in RCW 28B.76.270(2)(k).

26 (8) "Growth" means a change relative to the prior academic year.

27 (9) "Narrowing the achievement gap" means increasing the number
28 of graduations by in-state disadvantaged students and in-state
29 minority students.

30 (10) "Office" means the office of financial management.

31 (11) "Washington works indicators" means: (a) Increasing
32 graduations; (b) increasing graduations in fields addressing
33 critical skill shortages; and (c) narrowing the educational
34 opportunity gap for disadvantaged students and minority students.

1

2 NEW SECTION. **Sec. 3.** (1) By December 1, 2012, the office shall
3 develop a recommended plan for measuring and rewarding performance
4 of four-year institutions of higher education, and report on the
5 recommended plan to the legislature and the governor.

6 (2) In developing the recommended plan, the office shall:

7 (a) Consult with the board and the council;

8 (b) Examine and recommend appropriate metrics for measuring
9 performance, which may include, but are not limited to, the metrics
10 set forth in section 4 of this act; and

11 (c) Design and recommend an appropriate means of rewarding
12 performance, which may include, but is not limited to, the means set
13 forth in section 5 of this act.

14 (3) This section expires July 1, 2013.

15

16 NEW SECTION. **Sec. 4.** (1) This section applies unless modified
17 by the legislature following receipt of the report described in
18 section 3 of this act.

19 (2) By July 1, 2012, and each July 1st thereafter, the office
20 shall measure performance on Washington works indicators using the
21 metrics described in subsection (3) of this section, which awards
22 points for each indicator and results in a single numeric score for
23 each four-year institution of higher education.

24 (3)(a) Except as provided in (b) of this subsection, the office
25 shall award:

26 (i) One point per student for growth in the number of students
27 who earn baccalaureate or advanced degrees, as specified in RCW
28 28B.76.270(2)(a) and (b);

29 (ii) An additional point per student for growth in the number of
30 students who earn baccalaureate or advanced degrees in fields
31 addressing critical skill shortages, as defined in section 2(7) of
32 this act as the fields specified in RCW 28B.76.270(2)(k); and

33 (iii) An additional point per student for growth in the number
34 of in-state disadvantaged students and in-state minority students

1 who earn baccalaureate or advanced degrees, as shown in data
2 reported by the four-year institutions of higher education pursuant
3 to RCW 28B.76.270.

4 (b) A four-year institution of higher education may modify
5 points awarded for each indicator, so long as the institution: Uses
6 the three metrics described in (a) of this subsection and no other
7 metrics; awards no more than three points for three metrics; and
8 awards at least one-half of one point, but no more than two points,
9 per metric. If a four-year institution of higher education modifies
10 points awarded for each indicator, the office shall award points to
11 the four-year institution in a consistent manner.

12 (4) In measuring performance under subsection (2) of this
13 section, the office shall make statistical adjustments for student
14 demographics. The office also may collect additional contextual
15 data from existing sources.

16
17 NEW SECTION. **Sec. 5.** (1) This section applies unless modified
18 by the legislature following receipt of the report described in
19 section 3 of this act.

20 (2) In the 2013-15 omnibus operating appropriations act, and each
21 omnibus operating appropriations act thereafter, the legislature shall
22 determine whether an amount shall be transferred and disbursed as
23 provided in this subsection, and if so, the percentage of general
24 fund--state appropriations and education legacy trust account--state
25 appropriations on which the amount shall be based.

26 (3) Subject to legislative action described in subsection (2) of
27 this section:

28 (a) On July 1, 2013, and each July 1st thereafter, the state
29 treasurer shall transfer from the state general fund to the higher
30 education coordinating board fund for innovation and quality an
31 amount equivalent to the percentage determined by the legislature
32 of:

33 (i) The general fund--state appropriation for the current fiscal
34 year for each four-year institution of higher education; and

1 (ii) One-half of the education legacy trust account--state
2 appropriation for the current biennium for each four-year
3 institution of higher education.

4 (b) On July 1, 2013, and each July 1st thereafter, allotments of
5 the general-fund--state appropriation for the current fiscal year for
6 each four-year institution of higher education shall be adjusted to
7 reflect the institution's proportionate share of the amount
8 transferred from the general fund--state to the higher education
9 coordinating board fund for innovation and quality under (a) of this
10 subsection.

11 (4) Subject to legislative action described in subsection (2) of
12 this section, on July 10, 2013, and each July 10th thereafter, the
13 office shall disburse funds to four-year institutions of higher
14 education as rewards for performance on Washington works indicators
15 through student-focused strategies, as measured by the office under
16 section 4 of this act.

17 (a) The amount available to be disbursed to four-year
18 institutions of higher education under this section for the current
19 fiscal year shall be equal to the total amount transferred under
20 subsection (3) of this section for the current fiscal year.

21 (b) The amount to be disbursed per point awarded under section 4
22 of this act shall be set by the office.

23 (5) In disbursing funds as rewards, the office has discretion to
24 distinguish between actual performance on Washington works
25 indicators through student-focused strategies and the appearance of
26 performance through data manipulation or other nonstudent-focused
27 means.

28
29 NEW SECTION. **Sec. 6.** Four-year institutions of higher
30 education are encouraged to redistribute resources and realign
31 course offerings to: Increase graduations in fields addressing
32 critical skill shortages; and improve performance on other
33 Washington works indicators.

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1 NEW SECTION. **Sec. 7.** (1) By July 1, 2013, and each July 1st
2 thereafter, the education data center shall analyze employment or
3 continued education in consultation with the employment security
4 department, the board, and the council. The education data center
5 also may analyze employment or continued education in consultation
6 with the wage record interchange system in the federal department of
7 labor, if allowed and if appropriate, and other accurate sources of
8 employment and earnings data, if necessary. Before July 1, 2013,
9 the council may recommend to the education data center other
10 accurate sources of employment and earnings data that should be
11 analyzed, and the education data center shall include the
12 recommended sources in its analysis under this subsection. The
13 council also may submit such recommendations to the legislature.

14 (2) The education data center shall publish the analyses
15 required under this section on its web site. The analyses must
16 include aggregate data as well as data disaggregated by four-year
17 institution of higher education, unless based on fewer than ten
18 individuals. The analyses must be labeled to identify data included
19 and excluded from the analyses, and also must include a statement
20 that the analyses of employment or continued education do not
21 represent the employment rate of graduates for the four-year
22 institution of higher education.

23 (3) The education data center must update data-sharing and
24 research agreements under RCW 43.41.400, consistent with applicable
25 security and confidentiality requirements, to facilitate the work of
26 the center under this section.

27 (4) For the purposes of this section, "employment or continued
28 education" means that, within one year of graduation, a student
29 either has an annual income that exceeds the federal poverty level,
30 as determined by the United States department of health and human
31 services for a family of four, or is enrolled in postsecondary
32 education.

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34

1 **Sec. 8.** RCW 28B.120.040 and 1999 c 169 s 7 are each amended to
2 read as follows:

3 (1) The higher education coordinating board fund for innovation
4 and quality is hereby established in the custody of the state
5 treasurer.

6 (2) The higher education coordinating board shall deposit in the
7 fund all moneys received under RCW 28B.120.030. Moneys received under
8 RCW 28B.120.030 in the fund may be spent only for the purposes of RCW
9 28B.120.010 and 28B.120.020. Disbursements from the fund of moneys
10 received under RCW 28B.120.030 shall be on the authorization of the
11 higher education coordinating board.

12 (3) Moneys transferred to the fund under section 5 of this act may
13 be disbursed only to four-year institutions of higher education as
14 rewards for performance on Washington works indicators, as specified
15 in section 5 of this act. Disbursements from the fund of moneys
16 transferred to the fund under section 5 of this act shall be only on
17 the authorization of the office of financial management.

18 (4) The fund is subject to the allotment procedure provided under
19 chapter 43.88 RCW, but no appropriation is required for disbursements.

20
21 NEW SECTION. **Sec. 9.** Sections 1 through 7 of this act
22 constitute a new chapter in Title 28B RCW."

23
24 Correct the title.

EFFECT:

1. Strikes underlying provisions in second substitute bill establishing a work group to develop a recommended plan for measuring, providing incentives for, and rewarding performance of four-year institutions of higher education.

Findings and Intent.

2. Makes it an economic priority to: (a) increase graduation rates; (b) increase graduation rates in fields addressing critical skill shortages; and (c) narrow the educational opportunity gap for disadvantaged students and minority students.

3. Expresses intent that: (a) the state distinguish itself by becoming the fastest-growing provider of highly skilled workers for targeted industries; (b) the percentage of households in the state living in the middle-income bracket or above increase over time; and (c) Washington works indicators be established for four-year institutions.
4. Reaffirms the findings and intent expressed in the Higher Education Opportunity Act, and expresses intent to advance the goal of ensuring a high-value return on investment by developing and implementing a plan for measuring and rewarding performance of four-year institutions.

Definitions.

5. Defines terms, including "Washington works indicators," "board," "council," "office," "education data center," "graduation," "graduation in fields addressing critical skill shortages," and "narrowing the achievement gap."

Recommended Plan.

6. Requires the Office of Financial Management (OFM), in consultation with the Higher Education Coordinating Board's successor (HECB successor) and the Council of Presidents (COP), to develop and report on a recommended plan for measuring and rewarding performance of four-year institutions. (By December 1, 2012.)
7. Specifies that the sections on measuring and rewarding performance apply unless modified by the Legislature following receipt of the report.

Measures of Performance.

8. Requires the OFM to measure performance using metrics which assign points for each indicator and result in a single numeric score for four-year institutions, and allows the OFM to make statistical adjustments for student demographics. (By July 1, 2012, and each July 1 thereafter.)
9. Requires the OFM to award the following:
 - one point for growth in the number of students who earn baccalaureate or advanced degrees, as specified in RCW 28B.76.270(2)(a) and (b);
 - an additional point per student for growth in the number of students who earn baccalaureate or advanced degrees in fields addressing critical skill shortages as specified in RCW 28B.76.270(2)(k); and

- an additional point per student for growth in the number of in-state disadvantaged students and in-state minority students who earn baccalaureate or advanced degrees, as shown in data reported pursuant to RCW 28B.76.270.
10. Allows a four-year institution to modify points awarded for the indicators, so long as the three metrics are used, there are no more than three points for three metrics, and at least 0.5 point, but not more than 2.0 points, per metric are awarded.

Rewards for Performance.

11. Specifies that, in the 2013-15 and subsequent omnibus operating appropriations acts, the Legislature shall determine whether an amount shall be transferred and disbursed as rewards for four-year institutions for performance, and if so, the percentage of the appropriations from the state General Fund and the Education Legacy Trust Account on which the amount shall be based. Makes the requirement to transfer and disburse funds subject to this legislative action.
12. Subject to legislative action, requires the OFM to disburse funds in the Innovation and Quality Fund as rewards for four-year institutions for performance. (By July 10, 2013, and each July 10 thereafter.)
13. Specifies that the amount available to be disbursed for the fiscal year is equal to the percentage determined by the Legislature of: (a) the amount appropriated from the state General Fund; and (b) one-half of the amount appropriated from the Education Legacy Trust Account.
14. Subject to legislative action, requires the Treasurer to transfer this amount to the Innovation and Quality Fund, and that allotments of General Fund--State appropriations be adjusted accordingly. (By July 1, 2013, and each July 1 thereafter.)
15. Specifies that the amount disbursed per point awarded is set by the OFM.

Other.

16. Encourages four-year institutions to redistribute resources and realign course offerings to improve performance.
17. Requires the Education Data Center to analyze employment or continued education, in consultation with the Employment Security Department, the HECB successor, and the COP, and also to publish this analysis.

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